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Security Council

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Letter dated 8 November 2007 from the President of the Security Council to the Secretary-General

I have the honour to inform you that your letter and note dated 25 July 2007 (S/2007/476) concerning the processing of letters of credit pertaining to the oil-for-food programme have been brought to the attention of the members of the Security Council.

The members of the Security Council continue to welcome the ongoing work of the Secretariat. In particular, they welcome the efforts of the Secretariat to meet again with the relevant authorities of the Government of Iraq in Amman, on 3 and 4 June 2007, where pending issues were discussed.

They further express their appreciation for the efforts of the Secretariat to resolve with BNP Paribas the concerns raised in your letter dated 9 April 2007. The members of the Council affirm that the oil-for-food programme will be terminated by 31 December 2007, and, to that end, seek the full cooperation of all relevant parties to fulfil their responsibilities.

Given that the oil-for-food programme is to be terminated on 31 December 2007, the members of the Council strongly encourage all companies previously involved with the programme and wishing to do business with Iraq to use normal commercial channels.

The members of the Council have considered the request of the Central Bank of Iraq pertaining to communication number 900655 and withhold their consent to approve the request.

They give their consent to the request of the Central Bank of Iraq concerning communication number 1100581. The decision of the Council in this regard shall not be construed as setting any precedent.

Furthermore, the members of the Council agree with your suggestion not to reinstate the contracts with communication numbers 900020 and 900109.

The members of the Council note that nothing in their decisions regarding the aforementioned contracts with communication numbers 900655, 900020 and 900109 shall prevent the sovereign Government of Iraq from determining whether those contracts should be fulfilled outside the oil-for-food programme.

In the light of the issues raised in paragraph 12 of your note, the members of the Council agree with your proposal to authorize, at the request of the Central Bank of Iraq, the renewal, reinstatement or extension through a period not to exceed

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31 December 2007 of the letters of credit listed in annexes I and V of your note and any related amendments thereto, except the three letters of credit (communication numbers 900655, 900020 and 900109) mentioned above.

The members of the Council further agree to accept the authentication work associated with 17 letters of credit in annex VI of your note, completed by Cotecna at the time of handover of its functions to the Government of Iraq. Notwithstanding the provisions of relevant Security Council resolutions, the Council members request the Secretariat to issue all necessary documentation to BNP Paribas for early settlement of the related 17 letters of credit.

They also note your decision to retain funds originally held as collateral in respect of 47 expired letters of credit in the United Nations Iraq Account pending the full resolution of claims.

The members of the Council express their ongoing concern and disappointment regarding your observation of the slow provision or non-provision of authentication documents by the Government of Iraq. They remain concerned that there are currently 188 letters of credit with an approximate value of $209 million where the letters of credit have expired and for which there are claims of delivery from the suppliers. They continue to underline that this situation could present a serious risk to the possibility of the timely termination of the programme.

The members of the Council, referring to the letters of the President of the Security Council to you dated 11 August 2006 (S/2006/646), 29 January 2007 (S/2007/47) and 27 April 2007 (S/2007/242), reaffirm the importance of promptly finding a final solution to the remaining issues so that payments can be made to the concerned companies and so that the programme can close as currently scheduled.

To that end, they have addressed another letter to the Permanent Representative of Iraq to the United Nations urging the Government of Iraq to do its utmost, in liaison with the Secretariat of the United Nations, to expedite the processing of the remaining letters of credit, in particular those in respect of contracts where delivery has been effected.

They expressed concern about the chronic problem of the slow provision or non-provision of authentication documents, and invited the Permanent Representative to send a reply setting out the views and experiences of the Government of Iraq in this matter, and providing specific answers regarding the aforementioned issues, particularly allegations regarding improper withholding of authentication documents. The members of the Council noted their prior requests for such information from the Government of Iraq, and urged the Government of Iraq to reply.

The members of the Security Council request the Secretary-General to develop proposals to address unresolved issues, including the possible need for the establishment of mechanisms to deal with outstanding issues, and to report again to the Council on such issues within three weeks, bearing in mind the non-negotiable termination date of 31 December 2007 of the programme.

(*Signed*) R. M. Marty M. **Natalegawa**
President of the Security Council